

**Appleton with Eaton Parish Council**

**Risk Assessment 2022/2023**

**Reviewed and adopted: 23<sup>rd</sup> May 2022**

**Previously reviewed 21<sup>st</sup> June 2021**

**Next review date: May 2023**

**This is an assessment of risk to the council. The council also has adopted Standing Orders and Financial Regulations to which is adhered.**

<b><u>Risk</u></b>	<b><u>Description</u></b>	<b><u>Impact</u></b>	<b><u>Risk Rating (Likelihood x Impact)</u></b>	<b><u>Response (What actions have been taken)</u></b>	<b><u>Responsibility</u></b>
1	Precept a. Not submitted b. Not paid by District Council c. Adequacy of precept	a. The impact would be not receiving necessary income. b. The impact would not be receiving necessary income. c. The impact would be not receiving necessary income.	a. (2 x 2) Medium (4) b. (2 x 2) Medium (4) c. (2 x 2) Medium (4)	a. Clerk to minute that the precept has been submitted. b. Clerk to note the date it should be received and check. c. Clerk to recommend precept based on budget analysis.	Clerk and Councillors
2	Budget a. Overage b. Omissions	a. The council would have asked for funds not needed. b. The council may not have necessary income.	a. (2 x 1) Low (2) b. (2 x 2) Medium (4)	a. The clerk should budget according to need and do a quarterly budget against spend. b. The clerk should monitor the budget against spent and alert the council as to any omissions.	Clerk and Councillors
3	Employees a. Illness b. Resignation c. Health and Safety d. Fraud by Staff	a. If the RFO/clerk is ill, there may be tasks that may not be completed	a. (2 x 3) High (6) b. (2 x 2) Moderate (4) c. 2 x 2	a. The clerk to ensure that processes are in place for key elements. The clerk to ensure the Chairman/Vice Chairman have all passwords needed.	Clerk and HR Working Group

		<p>b. The council could be left with no clerk for a period of time.</p> <p>c. Risk to health and safety of employees</p> <p>d. Risk of legal proceedings.</p>	<p>Moderate (4)</p> <p>d. 2 x 2</p> <p>Moderate (4)</p>	<p>b. The council should ensure the clerk's contract allows for time to source a new clerk prior to the current clerk leaving. The council should ensure processes are in place for and have all passwords in the case a clerk is not found in time for the current clerk to depart. The council should ensure there is a handover period.</p> <p>c. All employees to be provided adequate direction and safety equipment needed to undertake their roles.</p> <p>d. Fidelity Guarantee Insurance in place.</p>	
4	<p>Staff salary</p> <p>a. Incorrect salary paid</p> <p>b. Incorrect rate of pay</p> <p>c. Phantom employees</p> <p>d. Unpaid tax to HMRC</p> <p>e. HMRC RTI and End of Year submission made within time limits</p>	<p>a. The RFO would have to have the subsequent payroll modified.</p> <p>b. The RFO would have to have the subsequent payroll modified.</p> <p>c. The RFO would have to ensure monies did not go to a source from which they could not be returned.</p> <p>d. The RFO would have to remedy with HMRC</p> <p>e. The Payroll Accountant would have to modify and perhaps the council would be subject to fines.</p>	<p>a. 2 x 2</p> <p>Moderate (4)</p> <p>b. 2 x 2</p> <p>Moderate (4)</p> <p>c. 1 x 3</p> <p>(3)</p> <p>d. 2 x 1</p> <p>Low (2)</p>	<p>a. The RFO should keep the HR working group informed of the salary paid and what the salary should be. Payments should be kept in a payroll book available to the council to review.</p> <p>b. The RFO should keep the HR working group informed of the salary paid and what the salary should be. Payments should be kept in a payroll book available to the council to review.</p> <p>c. The council should review/authorise all payments.</p> <p>d. The RFO should ensure the payroll accountant is filing taxes with HMRC. The RFO should</p>	Clerk and Councillors

				rectify any situation if notified by HMRC. e. The RFO must ensure that Payroll Accountant files with HMRC within the time limits.	
5	Banking a. Bank errors b. Loss of cash c. Receipts not paid in	a. Bank errors could result in incorrect monies being paid in/taken out. b. Loss of cash could result in loss of income and loss of trust in RFO/clerk. c. Receipts not paid in could result in loss of income/loss of trust in RFO/clerk/	a. 2 x 2 Moderate (4) b. 2 x 2 Moderate (4) c. 2 x 2 Moderate (4)	a. The clerk should conduct a monthly bank reconciliation to ensure there are no errors. Two councillors must sign off on all payments. b. The clerk should pay in any cash as soon as received. c. The clerk should ensure any cheques are paid in as soon as received. The clerk should monitor any expected receipts due to be paid online.	Clerk and Councillors
6	Direct Costs/Expenses a. Goods not supplied as invoiced to PC b. Invoice Incorrectly calculated c. Incorrect amount d. Cheque payable to wrong party	a. This could cause an issue with quality control. b. This could cause an incorrect payment/need to rectify. c. This could cause delay of payment/need to rectify. d. This could delay payment to the proper source/cause 2 payments to be erroneously made.	a. 2 x 2 Moderate (4) b. 2 x 2 Moderate (4) c. 2 x 2 Moderate (4) d. 2 x 2 Moderate (4)	a. The clerk should ensure requirements are clearly spelled out in writing by the council and subsequently the vendor prior to purchase. b. The RFO should check all invoices prior to paying. c. The RFO should check all invoices prior to sending/raising payment. d. The RFO should double check payments prior to raising payments.	Clerk and Councillors
7	Councillors' expenses underpaid or overpaid	The RFO would need to rectify with the councillors.	2 x 1 Low (2)	The RFO should double check payments prior to raising them.	Clerk and Councillors

8	<p>Donations</p> <ul style="list-style-type: none"> <li>a. Ability/power to pay</li> <li>b. Agreement of PC to pay</li> </ul>	<p>a. non allowable payments could result in an issue raised with the audit.</p> <p>b. Payments must be agreed by council lest the financial orders not be followed.</p>	<p>a. 2 x 1 Low (2)</p> <p>b. 2 x 1 Low (2)</p>	<p>a. The RFO should ensure the council has the power to make the payment.</p> <p>b. The council must agree the payments.</p>	Clerk and Councillors
9	<p>VAT</p> <ul style="list-style-type: none"> <li>a. Analysis</li> <li>b. Claim within time limit</li> <li>c. Unpaid by HMRC</li> </ul>	<p>a. VAT is not calculated correctly</p> <p>b. VAT is not claimed in a timely fashion</p> <p>c. VAT is not received from HMRC</p>	<p>a. 2 x 2 Moderate (4)</p> <p>b. 2 x 1 Low (2)</p> <p>c. 2 x 2 Moderate (4)</p>	<p>a. The RFO must ensure VAT is calculated correctly.</p> <p>b. The RFO must submit VAT in a timely fashion</p> <p>c. The RFO must ensure VAT is received from HMRC.</p>	Clerk
10	<p>Income Not paid/bad debt</p>	<p>Income is not received</p>	<p>2 x 2 Moderate (4)</p>	<p>The RFO must follow up on any income not received.</p>	Clerk
12	<p>Reserves Adequacy</p>	<p>Adequate funds are not available for intended projects.</p>	<p>2 x 2 Moderate (4)</p>	<p>The RFO must review the reserves with the council to ensure reserves are correct and reserved for what the council wishes.</p>	Clerk and Councillors
13	<p>Insurance</p> <ul style="list-style-type: none"> <li>a. Adequacy/compliance</li> <li>b. Fraud by staff</li> <li>c. Libel and slander</li> <li>d. Employers' Liability</li> <li>e. Public Liability</li> <li>f. Acquisition/Disposal of Assets</li> <li>g. Other insured areas</li> </ul>	<p>The council must ensure it is covered for the insurance noted.</p>	<p>a. 1 x 2 Low (2)</p> <p>b. 1 x 2 Low (2)</p> <p>c. 1 x 2 Low (2)</p> <p>d. 1 x 2 Low (2)</p> <p>e. 2 x 2 Moderate (4)</p> <p>f. 2 x 2 Moderate (4)</p> <p>g. 2 x 2 Moderate (4)</p>	<p>a. Insurance arrangements are reviewed fully annually or every 3 years depending on the duration of the insurance period. Insurance is reviewed in the interim based on any changes occurring.</p> <p>b. Insurance at £150,000</p> <p>c. Insurance at £500,000</p> <p>d. Employers' Liability insurance at £10,000,000</p> <p>e. Public Liability insurance is at £10,000,000</p>	Clerk and Councillors

				<p>f. The RFO must inform the insurers of any acquisition/disposal of assets.</p> <p>g. The council will review the insurance to ensure all necessary area are covered.</p>	
14	<p>Misuse of funds</p> <p>a. Loss through theft or dishonesty</p>	The impact would be a loss of funding as well as	1 x 1 Low (1)	The RFO will have a quarterly review of the accounts with the council to ensure transparency.	Clerk and Councillors
15	<p>Maintenance</p> <p>a. Poor performance by suppliers</p>	Suppliers not carrying out work sufficiently	2 x 2 Moderate (4)	The RFO must ensure the work carried out by suppliers is completed according to what had been contracted	Clerk and councillors
16	<p>Best value</p> <p>a. Overspend on services</p> <p>b. Insufficient tenders obtained</p>	<p>a. Councillors aren't aware/reserves aren't in place.</p> <p>b. Best value is not obtained.</p>	1 x 1 Low (1)	<p>a. The RFO must check all invoices and, if there is an overspend, ensure the council is aware prior to the spend/there are reserves to cover any overspend.</p> <p>b. The council strives to obtain 3 quotes for all works and discuss tenders based on cost and value.</p>	Clerk and Councillors
17	<p>Annual Return</p> <p>a. Submit/post within time limits</p>	Annual Return not submitted	1 x 1 Low (1)	The RFO must ensure the Annual Return is submitted on time and within the guidelines of the Joint Accountability and Practitioner's Guide.	Clerk
18	<p>Data Security</p> <p>a. GDPR fines for breaches</p>	GDPR being breached	2 x 2 Moderate (4)	The RFO and council adhere to its Data Protection policies.	Clerk and Councillors
19	Minutes/Agendas	Statutory guidance not followed	1 x 1 Low (2)	The clerk must ensure the agendas are published within the prescribed times and available to the public. The minutes must be	

				accurate and made available to the public once approved by the council.	
20	Council Records	Loss	2 x 2 Moderate (4)	The council must ensure all documents are kept securely either electronically and backed up regularly or in a fireproof cabinet.	Clerk

The following

<b>Likelihood</b>	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		<b>Impact</b>		

Taken from Joint Panel on Accountability and Governance:

Addressing risks:

5.97. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The response to risk, which is initiated within the organisation, is called 'internal control' and may involve one or more of the following standard responses:

- Tolerate the risk - for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified (e.g. because they would be disproportionate); and for unavoidable risks, e.g. terrorism.
- Treat the risk - a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- Transfer the risk – buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- Terminate the activity giving rise to the risk - it may be best to stop (or not to start) activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

5.98. Areas where there may be scope to use insurance to help manage risk include the following:

- The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability)
- The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
- Loss of cash through theft or dishonesty (fidelity guarantee).
- Legal liability as a consequence of asset ownership (public liability).

5.99. The limited nature of internal resources in most authorities means that those wishing to provide services often buy them in from specialist external bodies. Areas where there may be scope to work with others to help manage risk include the following:

- Security for vulnerable buildings, amenities or equipment.
- Maintenance for vulnerable buildings, amenities or equipment.
- The provision of services being carried out under agency/partnership agreements with principal authorities.
- Banking arrangements, including borrowing or lending.
- Ad hoc provision of amenities/ facilities for events to local community groups.

- Markets management.
- Vehicle or equipment lease or hire.
- Trading units (leisure centres, playing fields, burial grounds, etc.).
- Professional services (planning, architects, accountancy, design, etc.).